

**CALIFORNIA PUBLIC UTILITIES COMMISSION**  
**Water Division**

**DIVISION DOCUMENTATION STANDARDS**

**Standard Practice U-2-W**

**SAN FRANCISCO, CALIFORNIA**  
**April 2005**

## **A – PURPOSE AND SCOPE**

1. These guidelines apply to all Water Division documents (decisions, briefs and resolutions) and correspondence (letters, memoranda) and all reports, including testimony and staff reports.
2. Reasonable deviation is allowable when appropriate. If you have any questions about the specific issue you are grappling with in relation to the format, a citation or writing style, consult your supervisor.
3. The Division standard for correspondence is perfection. There should be no errors in outgoing work products and all incoming documents should be properly processed.
4. An analyst or engineer (analyst) is responsible for creating the work product. Normally this consists of analyzing information and writing a draft resolution or staff report. All resolutions and staff reports will be done using PowerDocs. Set security so the analyst's supervising Senior or project manager and all upper level managers can access the document as, at least, Read Only.
5. If the Project Manager and the Analyst disagree on a significant issue, they should discuss it with a Supervisor. However, the project manager has the responsibility for the report.
6. Staff reports are not like testimony, where the witness can sponsor a position and defend it on cross-examination. Consequently they must discuss in detail all issues related to the case and justify the way the issue was decided.
7. Seniors are responsible for the correctness of the numbers in the report. The Analyst must provide the Senior with an electronic copy of all spreadsheets he or she used to prepare the work product.
8. Supervisors are responsible for assuring that the documents are clearly written and complete (discuss every issue). This means Supervisors must have read the application, if the work product is a draft decision. Supervisors will not normally check calculations, but in keeping with the above guideline, should review tables for any visible errors, typos or clearly wrong numbers.
9. Seniors and Supervisors should each check the justification for all positions (prior Commission Order, Public Utilities Code Section). Water Division work products should never establish any new regulatory policy. That should be done only in a formal proceeding.

## **B – INCOMING CORRESPONDENCE**

10. The Branch secretaries will open and date-stamp all official mail except personal/confidential and inter-office mail.
11. They will distribute mail to the Branch Chief, Supervisors, and Seniors. For others, they put it in their mail slots.
12. Mail from DHS and other state agencies should be circulated then filed in the appropriate (609) file (Company files). Any other mail coming from other water organizations will circulate to all (using the Pass-Around folders).
13. Mail dealing with tariff filings and advice letters goes to the Tariff Unit.
14. All other incoming mail goes to the Branch Chief, unless addressed to a specific person, and the Branch Chief makes the assignment.

## **B – OUTGOING CORRESPONDENCE**

### **1. Memoranda**

1. All memoranda leaving the Division will use the State Seal Memo Form available in PowerDocs. Prepare the memo as described below:



## Memorandum

**Date:** Date of Memo

**To:** Recipient of Memo

**From:** **Public Utilities Commission—San Francisco -** Writer of Memo (Writer's Initials in ink)

**File No:** See Appendix A

**Subject:** *Subject of Memo*

Use memos to make requests, to make announcements, and sometimes as a cover letter to communicate reports. Memos that make requests or announcements are read quickly. For such memos, get to the point in the first paragraph--the first sentence, if possible.

Single space memos and use a serif typeface. Skip a line between paragraphs.

In memos that make requests or announcements, keep the sentence lengths and paragraph lengths relatively short. Sentences should average fewer than twenty words, and paragraphs should average fewer than seven lines. Also, keep the total memo length to under one page, if possible.

Sometimes you will use memos to communicate reports (two pages or more). For these types of memos, you can include illustrations, attach appendices, and break the memo's text into sections. If references arise in the memo, include as endnotes. In memos that act as reports, the style changes as well. The sentences and paragraphs are typically longer than in memos that simply provide announcements or make requests.

For all types of memos, space your memo on the page so that it does not crowd the top. Also, send copies to anyone whose name you mention in the memo or who would be directly affected by the memo. Finally, remember that final paragraphs of memos that make requests or announcements should tell readers what you want them to do or what you will do for them.

Send copies to anyone whose name you mention in the memo or who would be directly affected by the memo.

Attachments.

**Copy to:**

Name to Receive Copy

Name to Receive Copy

## **2. Letters**

1. Outgoing correspondence will normally go by letter.
2. Letters use the CPUC 2003 letterhead in PowerDocs. Prepare the letter as follows:

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



Insert Date

File No. (see Appendix A)

Recipient's name, Recipient's title

Recipient's company

Recipient's company address

ALL CAPS CITY NAME AND STATE ABBREVIATION, Zip

Dear (Mr. or Ms.) Lastname: (You can strikethrough this and write the first name if you know the person well and it is not a formal letter.)

Identify the origin of the letter. "This letter is in response to..." or "Your correspondence of (date) has been forwarded to me for reply." "This is an invitation to a conference..." "As we discussed on the telephone today at 10 AM..." Always tie the letter to the situation you are going to write about

"In your letter you..." "On (date) your utility dug a trench..." Describe things in temporal order (oldest first) or, if you are responding to their letter, the things they have requested in the order they requested them. Describe the situation in detail. List all the issues.

Do not insert opinion, use analyses. Start from a source, Commission decision or resolution is best, and show how it applies.

Address each item you have identified. Discuss options, but do not put yourself in the position that someone can say "the staff told me to do it."

"If I can be of further assistance, please contact me at (phone) or (e-mail address.)"

Send copies to anyone whose name you mention in the letter or who would be directly affected by the letter.

Sincerely,

*Signature*

Name, Position

Branch

Water Division

Enclosure.

cc: Names to receive copy

2. The Project Manager will sign all project related correspondence (data requests, etc.) The Branch Chief or the Division Director will sign most other letters. All letters that are sent out of the Division must be sent in electronic form to the Branch Secretary or Executive Secretary who will save the final version in PowerDocs.
3. Letter originated by the Project Manager or other management will be reviewed by the next higher manager before sending.

### **3. Outgoing Correspondence Review Checklist**

- ☐ Attach related letters, workpapers and documents to the outgoing correspondence.
- ☐ In the case of outgoing correspondence related to an advice letter, attach the correspondence to the outside cover of the advice letter folder and put the related workpapers and documents inside the folder in an organized manner.
- ☐ Outgoing correspondence must have a “File No.”, based on Water Division’s file and system number designation of each category (see below).
- ☐ Fill out the top and bottom portions of the outgoing correspondence form (pink form). Top portion includes: name of water or sewer company; date the letter is sent for approval; author’s initial; and signer’s initial. The bottom portion of the pink form includes mailing instructions.
- ☐ For first, second and third level approval, fill out the “Send To” column by checking the appropriate name.
- ☐ Attach the pink form on top of the outgoing correspondence.
- ☐ The author of the outgoing correspondence shall instruct the support staff, via the pink form, to send a copy of the correspondence to:
  - (a) Protestant in advice letter filing;
  - (b) Chrony File;
  - (c) Division File including the file No.;
  - (d) Formal File including the file No., Service List and ALJ
  - (e) Interested parties outside the Commission designated on the pink form as “cc’s”;

- (f) Author of the outgoing correspondence and other interested staff in the Commission designated on the pink form as "bcc's."
- When ready for review and signature, send the correspondence including the attached documents/advice letter folder and the pink form to the assigned Project Manager for the "First Level Approval." or signature. The Project Manager will annotate the correspondence using the proofreader's marks in our dictionary. If there are just a few corrections, the Project Manager will forward the document to the Supervisor for additional review, otherwise the drafter will make corrections based on the proofreader marks before going forward.
- The individuals responsible for First Level Approval are: Senior Utilities Engineers in the Water Branch and Sean Wilson in the Audit and Compliance Branch .
- The first level reviewer shall send the outgoing correspondence to the second level reviewer for approval or signature. The second level reviewers are Ken Louie for the Audit and Compliance Branch and Program and Project Supervisors for the Water Branch. The second level reviewer shall send the outgoing correspondence to the "Third Level" manager for review and signature. The Third Level managers are the Branch Managers. The Division Director will approve and sign the outgoing correspondence only after the Program Managers have approved the letter.
- If a first level reviewer is not in the office, the outgoing correspondence will go to the next higher level or the reviewer's designated replacement for review and approval. All correspondence must be reviewed by someone other than the final signer.
- All non-project-related outgoing correspondence will be signed by project managers or higher-level managers.
- Pink forms will be attached to Chrony File copy.
- For outgoing correspondence to be signed by the Executive Director, use the checklist in Appendix E.

#### **4. Protests**

1. A typical protest is written as follows:



In the Application of Union Pacific Railroad Company,  
Keene Water System (0434W), For Authorization to  
Increase Rates and For Interim Rate Relief.

Decision No. 03-10-073

Application No. 04-11-004  
(Filed November 4, 2004)

### **PROTEST OF THE WATER DIVISION**

Pursuant to Rules 6(a)(2) and 44.1 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the Water Division (WD) files this protest to the application of Union Pacific Railroad Company, Keene Water System (KWS), for authorization to increase rates and for interim rate relief.

In its application, KWS has requested for a general rate increase pursuant to Decision 03-10-073, which directed KWS to file an application. Pending a final determination on KWS' application, KWS requests that the Commission establish interim rates at the levels recommended by the WD in its April 17, 2003 Ratemaking Report. Applicants also proposed that a workshop be held with the residents of the Upper and Lower Keene Groups to discuss alternatives to KWS' ownership and control of facilities located downstream of the master meters that are used to serve these users and to discuss billing and payment procedures.

WD's position is that KWS is owned by Union Pacific Railroad Company that is responsible for installing meters at each end user in the system. KWS is responsible for the operation and maintenance of the delivery system all the way to the end user

including the meter. For ratemaking purpose, KWS should be treated as a Class A water company, therefore, KWS' request for an interim rates are not necessary.

As the matter now stands, WD believes that a workshop may be necessary to protect the interest of the ratepayers. WD proposes (1) the Administrative Law Judge to hold a workshop with the residents of the Upper and Lower Keene Groups to discuss alternatives to KWS' ownership and control of facilities located downstream of the master meters that are used to serve these users and to discuss billing and payment procedures; (2) to investigate the size of the rate increase.

Accordingly, WD recommends that public participation hearings and evidentially hearings be held in service areas of KWS to receive public comments.

Respectfully submitted,

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Peter T. Liu  
Project Manager  
Water Division

California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
Phone: (415) 703-1390  
December 1, 2004  
703-4426

Fax: (415)

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document “Water Division’s Protest to Union Pacific Railroad Company, Keene Water System’s application for authorization to increase rates and for interim rate relief” upon all known parties of record by mailing, by first-class mail, a copy thereof properly addressed to each party.

Dated December 1, 2004, at San Francisco, California.

/s/ Lilia Oliva

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Lilia Oliva

## N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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The Commission’s policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.

## **5. Data Requests<sup>1</sup>**

**State of California**

**Public Utilities Commission  
San Francisco**

### **M E M O R A N D U M**

**Date : January 15, 2002**

**To : Division Directors**

**From : Wesley M. Franklin, Executive Director**

**Subject : Data Request Protocol**

We have after legal review adopted this data request protocol in order to eliminate duplication of data requests made of utilities, and to make more efficient use of in-house information. First, all divisions shall inquire of other implicated divisions before issuing data requests to utilities, to check that the same or similar information has not already been requested. Second, all divisions shall alert the other implicated divisions to data requests to utilities, as they are issued, in order to forestall duplicate requests, and to alert the sister divisions that potentially useful information will be coming in to the CPUC and available to them.

1. Each division (CSD, Telco, Energy, Water, Rail Safety, ORA, Legal) is to immediately designate a contact person to whom to direct data requests from the other divisions, so that a Data Request Coordinator List for the CPUC may be compiled and distributed. (See attached for guide to usual distribution.)
2. All DRs issued from a CPUC division shall copy (cc) the designated contact person, who will distribute them to staff people within the division who are assigned to the same or related subject matter.
3. Before issuing any data request to a utility, the originating division is to provide a draft of the DR to the designated contact person in each other implicated division. The contact person is to forward the draft DR to staff people within the division who are assigned to the same or related subject matter, and confirm whether the requested information has, to their knowledge, already been requested by them or others in the agency. The contact person shall advise the originating division (specifically, the responsible staff person who

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<sup>1</sup> See Appendix C for a Data Request format and Appendix D for ORA's Master Data Request

should be named on the draft DR) within 2 days, so that the DR may issue as expeditiously as possible.

Consistent with the May 1999 manual on the “Handling and Using Information Provided by Utilities Pursuant to Public Utilities Code Section 583,” all agency staff will continue to access all information provided by a utility to CPUC staff regardless of the staff’s function in the agency. If the information is no longer available or if it is impracticable to reassemble it or to use it for a particular project, the staff may request a copy of the information from the utility, referencing the original data request.

Attachment

#### DATA REQUEST DISTRIBUTION

FROM:

TO:

Energy	CSD, ORA, Legal
Telco	CSD, ORA, Legal
Rail Safety	CSD, Legal
Water	CSD, ORA, Legal
ORA	[Telco, Energy, Water <i>or</i> Rail], CSD, Legal
CSD	[Telco, Energy, Water <i>or</i> Rail], CSD, Legal

## **6. Decisions**

- a. Some guidelines for writing decisions are contained in Appendix B. Use a prior decision as an example.

## 7. Posting

1. From the CPUC01 Library in PowerDocs, the Water Branch Secretary will save all  
(1) RES-C files thirty days prior to each Commission meeting to WebPub for it to be approved (by the Branch Chief) for posting on prerequisite date. (2) RES-A files ten days prior to each Commission meeting, (3) RES-F files on Commission meeting days.

## 8. Writing

### a. Proofreading Standards<sup>2</sup>

1. Read each document twice.
2. Slow down your reading rate.
3. Read numbers digit by digit.
4. Read out loud to someone else who is reading with you if possible.

### b. Writing Standards

#### General

1. George Orwell established these guidelines in a 1946 essay. The problems he discussed are not still problems today, but the guidelines make sense nonetheless:
  - a. Never use a metaphor, simile, or other figure of speech which you are used to seeing in print.
  - b. Never use a long word where a short one will do.
  - c. If it is possible to cut a word out, always cut it out.
  - d. Never use the passive where you can use the active.
  - e. Never use a foreign phrase, a scientific word or a jargon word if you can think of an everyday English equivalent.
  - f. Break any of these rules sooner than say anything outright barbarous.

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<sup>2</sup> From “Mistake-Free Grammar and Proofreading” CareerTrack Course

### Abbreviations and Contractions

2. Use a contraction rather than an abbreviation. For example, for California Water Service Company use “CalWater” rather than CWSC.
3. Do not use verb contractions in Commission documents. For example: use "do not" instead of "don't" and use "is not" instead of "isn't."

### Tense: past versus present.

4. Mainly use the past tense.

### Punctuation in a quotation.

5. Periods and commas go inside the closing quotation mark. Colons and semi-colons follow the quotation mark. Exclamation marks and question marks can go either place.

### Ellipsis

6. When you omit something from the middle of a quotation, indicate the omission with an ellipsis, which consists of three dots originally separated by spaces ( . . . ) but is now a special symbol in Word created by typing “Alt-Control-.” (...). An ellipsis is not punctuation. If you need a comma or period, put it in the appropriate place.  
Example: He has enough to satisfy his wants..., but he is still greedy for more.

### Dangling phrases.

7. Do not leave your participial and gerundial phrases dangling. Wrong: Thinking over the conundrum, the answer became apparent to Mary. Right: Thinking over the conundrum, Mary discovered the answer. (Mary, not the answer, did the thinking.)

### Pronoun Agreement.

8. Make certain that your pronouns agree with the noun or nouns. Recently, English speakers have come to use they as a singular pronoun in cases where the gender of the person in question is unclear. In formal writing, however, this is not accepted practice. The pronoun they is always plural. Wrong: If anyone thinks that good writing does not require rewriting, they are sadly mistaken. Right: If anyone thinks that good writing does not require rewriting, she or he (or, he or she) is sadly mistaken. A better alternative is to restructure the sentence: Anyone who thinks that good writing does not require rewriting is sadly mistaken. However if the pronoun refers to both males

and females, you should avoid sexist language and use the plural. Instead of “Each manager must meet with his staff”, say “Managers must meet with their staffs.”

9. The proper pronoun for a utility is it, not they.

#### Subject and Verb Agreement

10. The subject and verb must agree in number. A singular subject needs a singular verb; a plural subject needs a plural verb.
11. Ignore phrases and clauses that separate the subject from the verb. The box containing all of the missing materials was found in Fayetteville. Program managers, along with the speaker, have to meet at the seminar.
12. Use a singular verb after each, nobody, someone, anyone, anybody, everyone, every, one, another, much, and everybody.
13. Use a plural verb after both, few, many, others and several.
14. Collective nouns: If the group is acting as one unit, (team, committee, board) use a singular verb. If the members of the group are acting separately, use a plural verb.
15. When two or more subjects are joined by and, use a plural verb. When two or more singular subjects are joined by or or nor, use a singular verb. If the subjects are of different numbers, make the verb agree with the subject nearest the verb.

#### **c. GRAMMAR and USAGE STANDARDS**

16. The plural of a year does not use an apostrophe. "1990s" is correct; "1990's" is wrong.
17. Use a comma before the final and or or in a series.
18. Do not use a comma after a date, unless the date is at the end of a phrase that would normally end in a comma anyway.
19. Avoid separating two words with a slash "/" - in most cases a simple "and" will do, or use a hyphen (owner-president). Do not use "and/or." As above, a simple "and" will do.
20. "There" = location (There it is.) "Their" = possessive (it belongs to them) "They're" = contraction of "They are"
21. Use "that" instead of "which" whenever possible. Use "which" only when the word "that" is too awkward. Which is preceded by a comma. That is not.



22. Try not end a sentence with a preposition (common prepositions include: of, by, with, at, in, on, to, for, between, from, and through.)
23. Use italics for emphasis and to refer to the title of a court proceeding. If the emphasis is in a quote put (emphasis added) or (emphasis in original) as appropriate after the quotation.

#### Use of words

24. The word gravamen is a legal term that means the part of a charge or accusation that weighs most substantially against the accused. It is handy when you are writing an analysis and addressing multiple issues.

#### Misuse of words

25. Amount is used with nouns that have no plural (confusion, flattery, money, timber). Number is used with plural nouns (children, weapons, problems, bills). Similarly with less and fewer: “In order to weigh less we should consume fewer calories.” Majority should only be used with countable nouns (nouns with plurals). Do not say “the majority of the estate.” Use “the greater part” or, even better, “most.”
26. May represents a possibility that still exists, while might represents a possibility that existed at some time in the past but did not materialize. Consequently, the sentence “the mentally ill man may not have committed suicide had he been kept in the hospital” may sound correct, but it means that it is still possible that the man did not commit suicide. Lots of people make this mistake.
27. At this moment in time is unnecessarily wordy. This moment is always in time. At this moment is enough, or preferably now.

28. USE YOUR SPELL CHECKER

29. USE YOUR GRAMMAR CHECKER

30. DON'T TRUST EITHER ONE

### **d. Literary Citations**

1. Put references in your text immediately after the first sentence in which the reference is cited. Do not put references at the end of the paragraph in which it is cited.
2. Proper reference format within the text is: (Lastname 1999: Page#) -- where Lastname=the author's last name, 1999=year of publication - if you are citing a direct quote or data, you must include a : [colon] after the year, followed by the Page Number(s) from which the quote came. Otherwise, the page number(s) is optional.
3. Put references before the final period in the sentence. An example of a proper use of in text references is: ... and the population reached 55,000 in 1995 (Wright 1996: 337).
4. Always cite the reference source for information you obtained from somewhere other than your own mind. To not do this is plagiarism. If several contiguous sentences, or an entire paragraph, of information comes from the same source, you need only reference it once in that paragraph.
5. "References Cited" should be used instead of "Bibliography" at the end of your report.
6. The proper format for References Cited is:

Lastname, Firstname. Year. Book Title. CityPublishedIn: Publisher.

Lastname, Firstname. Year. Chapter Title. In Book Title, ed.

Firstname Lastname, pp.#-##. CityPublishedIn: Publisher. e.g. -- Smith, John P. 1556.

Introduction. In T.C. Barnwood, ed., Geographies, pp. 3-12, London: Cheshire.

Lastname, Firstname. Year. Article Title. Journal Title Vol#(Issue#):Page##-##. e.g. -- Smith, John, and Harney, Percy. 1910. New Discoveries in South America. Geography 12(3):56-61.

For example: San Francisco Pub. Util. Comm'n & San Francisco Dep't of the Env't, The Electricity Resource Plan (revised Dec. 2002) p. 68.

## **e. Legal Citations**

1. Court opinions are widely published in books called reporters. This is where most citations to case law are made. There are many different reporters. The California Reporter, the California Appellate Reporter, the Pacific Reporter, the Federal Supplement Reporter, and the Supreme Court Reporter are examples.

2. The citation manual created by the editors of four law journals, the Columbia Law Review, the Harvard Law Review, the University of Pennsylvania Law Review, and The Yale Law Journal, referred to as The Bluebook<sup>3</sup>, is the most widely used codification of national citation norms. The Bluebook governs the citation practices of the majority of U.S. student-edited law journals and has through its successive editions shaped the citation education and resulting citation habits of most U.S. lawyers. However, the Commission uses a format slightly different from The Bluebook, and you may notice this when reading Commission opinions.
3. Most cases are cited something like this: *State v. Black* 570 P.2d 489 (CO, 1983) where *State v. Black* is the name of the case, and like all titles, must be either underlined or italicized. 570 is the volume number of the reporter where case information is found. P. 2d is the name of the reporter where the Court opinion is found, in this case, the Pacific Reporter, second series. 489 is the page number in the Reporter where the case opinion begins. (CO, 1983) is the Court where the case was heard (in this case, Colorado) and the year in which the decision was issued.
4. Sometimes you need to note the specific page within an opinion. So, if you wrote the citation:  
*State v. Black* 570 P.2d 489, 493 (CO, 1983), this would indicate that while the case opinion begins on page 489, the specific material you want people to notice begins on page 493. If the citation is to a dissenting, concurring, or plurality opinion or to dictum that fact should be reported in separate parentheses following the date.
5. Although it looks awkward to read, legal citations are usually placed directly into the text of a brief. In the narrative parts of a brief, complete citations are used the first time they appear, but may be abbreviated afterwards as follows: If the full citation is: *State v. Black*, 570 P.2d 489, 491 (CA, 1983) the subsequent citations may be abbreviated as: *Black*, 570 P.2d at 493 (if page 493 is where the specific information

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<sup>3</sup> The Bluebook: A Uniform System of Citation, Cambridge: Harvard Law Review Association, most current edition

is located.) If the citation is a Commission Decision found in the bound volumes use D.93-02-013, 48 CPUC 2d 107, at 115.

6. Sometimes an opinion may be published in more than one reporter. It is good manners to cite parallel sources.

### **General Abbreviations:**

The following abbreviations are commonly used in legal citation:

Abbreviation	Meaning
§	Section
USC	United States Code
¶	Paragraph
Const.	Constitution
art.	Article
amend.	Amendment
Cir.	Circuit (referring to Circuit Courts)
ann.	Annotated
CCA or Cal. Code. Ann.	California Code Annotated
cl.	Clause
2d, 3d	Second Series, Third Series (second or third set of volumes for a particular Reporter)

Note: If you need to say "section" at the beginning of a statement, spell it out, but if it's within a sentence, you may use the § symbol, available in Word by clicking Insert, Symbol, Special Characters. You can also set a hot key combination for this symbol.

7. Laws and Statutes are cited as follows:

California Law: California Code Annotated 00-0-000 (3) (a) (or Cal. Code Ann.) abbreviated form: § 00-0-000 (3) (a), CCA or Cal. Pub. Util. Code § 1001 or SB 1389 (Chapter 568, Statutes of 2002)

Federal Law: 10 USC section 3069 (this means volume 10 of the United States Code, section 3069) abbreviated form: 10 USC § 3069

8. Constitutional materials are cited as follows:

California Constitution:	Article II, Section 1, California Constitution -- abbreviated form: Art. II, § 1, Cal. Const.
US Constitution:	Article II, Section 1, United States Constitution -- abbreviated form: Art. II, § 1, US Const.
Bill of Rights:	First Amendment to the United States Constitution

9. Case Law: As noted earlier, the general form for legal citations is: Case Name, Reporter information (year)

10. Reporters commonly used in researching California cases are listed below with abbreviations:

U.S. -- U.S. Reporter (covers US Supreme Court decisions)

F. Supp -- Federal Supplement Reporter (contains Federal District Court opinions)

L.Ed, L.Ed.2d -- Lawyer's Edition Reporter (contains US Supreme Court decisions)

F., F.2d, F.3d -- Federal Reporter (covers Federal Circuit Court of Appeals decisions)

S. Ct. -- Supreme Court Reporter (covers US Supreme Court decisions)

Cal. – California Reporter (covers California Supreme Court decisions)

P. or P.2d -- Pacific Reporter (covers state court decisions from Alaska, Arizona, California, Colorado, Hawaii, Idaho, Kansas, Montana, Nevada, New Mexico, Oklahoma, Oregon, Utah, Washington and Wyoming)

Other regional reporters such as the Southern Reporter, Atlantic Reporter, etc. may sometimes be cited.

11. Examples:

A California decision:

*State v. Jones*, 100 Cal. 271, 275, 485 P. 2d 123, 127 (1995) abbreviated form: *Jones*, 100 Cal. at 275. Notice that the case is reported in both the California Reporter (Cal.) and the Pacific Reporter (P. 2d). We know it's a California Case because it is in the California Reporter, so the state abbreviation is left out of the parentheses where the date is listed.

Another state's decision:

*State v. Smith*, 215 P. 2d 214, 225 (CO, 1997) abbreviated form: *Smith*, 215 P. 2d at 225

Notice that the out of state case cites the state and the year (CO, 1997). This is because the case citation comes from the Pacific Reporter, and in this situation you can't tell which state decided the case.

Federal Court decision:

*Smith v. Jones*, 123 F. Supp. 456, 461 (D. Cal. 1995) abbreviated form: *Smith*, 123 F. Supp. at 461

Notice that D. Cal. means the case originated in the Federal District Court for California.

Federal Circuit Court of Appeals decision:

*Anderson v. Wilson*, 3 F. 3d 292 (9th Cir., 1996) abbreviated form: *Anderson*, 3 F. 3d at 302  
9th Cir. means the case was heard by the 9th Circuit Court of Appeals.

U.S. Supreme Court Decision:

*Roe v. Wade*, 410 U.S. 113, 93 S. Ct 705, 35 L. Ed. 2d 147 (1973) abbreviated form: *Roe*, 410 U.S. at 116. Notice that Supreme Court decisions can appear in three different reporters.

A decision not yet published in any reporter: (This only applies to a very recent decision)

*State v. Doe*, No. 98-000 (Cal. April 25, 1998). 98-000 is the case number. The date the Court handed down its decision is in parentheses.

A Commission Decision

*Re San Diego Gas & Electric Company (Valley-Rainbow)* 2002 Cal. PUC LEXIS 919 at \*9 - \*10, Decision (D.) 02-12-066, *mimeo* at 7 (parallel citations) or D.93-02-013, 48 CPUC 2d 107, at 115.

## Appendix A

### Filing System Designations

	File No.	Title	Contact
DIVISION	505	ANNUAL REPORT	WYT
ADMINISTRATIVE	515	BUDGET/FINANCIAL	SNR
	520	CORRESPONDENCE	DRS
	521	COMPLAINTS	SNR
	525	EQUIPMENT SYSTEMS	DRS
	530	INQUIRIES/GENERAL CORRES.	DRS
	530-1	Info Reqstd Encl	WYT
	535	LEGISLATION	SNR
	540	MEETINGS	
	540-1	COMMISSION AGENDA	DRS
	540-2	PAST AGENDA	DRS
	540-3	NEXT AGENDA	DRS
	545	BUILDING	SNR
	550	STAFF ORGANIZATION	LGO
	555-1	FORMS	DRS
	561-1	NARUC	LGO
	561-2	CWA	LGO
	561-3	NAWC	LGO
	561-4	AWWC	LGO
	565	POLICIES & PROCEDURES	FLC
	570	SUBSCRIPTIONS	LGO
	575	TRAVEL	LGO
	575-1	TRAVEL EXPENSES	LGO
	580	SPECIAL STUDIES	DRS
COMPANY FILE	600	CERTIFICATION	DRS
	601	RATES	DRS
	602	GENERAL CORRESPONDENCE	DRS
	602-10	NON-COMPANY SPECIFIC	DRS
	602-19	ADVICE LETTER	DRS
		CORRESPONDENCE	
	603	BONDARY EXTENSIONS	DRS
	606	PUBLIC FIRE PROTECTION	DRS
	607	CONTRACTS	DRS
	609	WATER QUALITY	DRS
	612	STOCKS/BONDS	DRS
	615	WATER SUPPLY	DRS
	650	COMPLIANCE	DRS
	685	SERVICE	DRS

## **WRITING A DECISION<sup>4</sup>**

One of the primary tasks of the ALJ is writing well-prepared options. Parts II and III of this manual are designed to help the ALJ with decision-writing, particularly findings of fact and conclusions of law. Part III is the Division's Style Guide for ALJs, Staff Examiners, and stenographers. It covers format, language, spelling, clarity, and consistency for Commission decisions.

We do not all have the same expository style. Variations in writing style are acceptable if the end product communicates well.

Your opinions should:

1. Be grammatically correct and read well.
2. Be well-organized and address all material issues. Issues that were raised in the proceeding which are not material should be identified and disposed of with an explanation why they are immaterial.
3. Explain the positions of the parties.
4. Resolve all contested material issues with a cogent discussion on the merits.
5. Apprise parties why they won or lost on litigated issues.
6. Explain Commission policy so that readers can understand the basis of the policy.
7. Explain any departure from established Commission policy.
8. Contain adequate findings of fact and conclusions of law.

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<sup>4</sup> Extracted from "Writing A Decision," Administrative Law Judges Division, 3/81, see Powerdocs Document Number 183047



## Appendix B

The opinion should be written so that a lay person can understand it. Most of the people who will read our decisions are not experts in regulation. Few members of the public, the press corps, the Legislature, and the California Supreme Court really understand our work. They are easily confused or put off by our regulatory jargon. Accordingly, our decisions, particularly in the contested matters, must educate the public and sell the result we reach.

A well-written decision tells the reader the facts and the issues and shows him the process by which those issues are resolved. The finished product should allow the reader to fully comprehend with the least effort.

The fundamentals of good decision-writing include:

1. Organization of issues and subject matter in a logical sequence. The reader should not have to consider more than one subject at a time and should be comfortable with the arrangement of them;
2. Clarity of expression so that the reader knows exactly what thought the writer intends to impart;
3. Conciseness so that the reader's comprehension of the subject is not blunted by the necessity of wading through unessential material;
4. Continuity of thought so that the reader's concentration is not interrupted unnecessarily; and
5. A grammatical style which does not distract the reader and allows for an effortless comprehension of the thoughts being communicated. Common faults are repeated use of long, involved, and digressive sentences and the use of words which require the reader to consult a dictionary.

The better you state the issues and explain how you resolve them, the better the chances are that the Commission will adopt your proposed opinion. A well-written and well-reasoned opinion is difficult to refute.

### What a Decision Must Contain

A decision must contain:

1. A title in the same form as prescribed for pleadings in the Rules of Practice and Procedure, together with a space in the upper left corner for "Decision \_\_\_\_\_".

## Appendix B

2. A Table of Contents whenever a decision exceeds 50 pages, not including appendixes, or whenever such Table of Contents will assist in understanding the issues presented.
3. A list of Appearances. (May be placed in an appendix.)
4. An Opinion portion containing:
  - a. A brief statement describing what the proceeding is about. (Jurisdictional.)
  - b. A brief summary of the procedural history of the matter (Hearings, notices, briefs, submission, etc.)
  - c. A concise general description of the positions of the participating parties on the disposition of the proceeding or the particular issue under discussion.
  - d. A description of motions not ruled upon during the proceeding, together with rulings on such motions.
  - e. A discussion of each contested issue and a determination of each such issue.
  - f. A separate statement of the findings of fact which are necessary for disposition of the proceeding and which support the conclusions of law underlying the ultimate order.
  - g. The conclusions of law dispositive of the proceeding and which cover all of the matters included in the order.
  - h. Such notices and admonishments that may be required by the nature of the proceeding. (See Stock Paragraphs Manual.)
5. An Order.
6. An effective date of the Order.
7. The appendixes referred to in the decision.
8. A glossary for orders of 50 or more pages spelling out shortcuts used in the order.

While all these components are necessary to a decision, the opinion portion is the greatest challenge to the ALJ. It must be well-organized and thorough and must justify the proposed order. The law requires that it set forth the material

issues, the conclusions of law determining those issues, and the findings of fact on which those conclusions are based.<sup>5</sup>

## SOME DO'S AND DON'TS

### Unnecessary Recitation

Do not recite or quote the evidence at length unless it is absolutely necessary to a determination of some issue. The decision should mainly concern itself with the facts found from the evidence and not with exhaustive recitation of the evidence. However, a summary of the nature and thrust of testimony or exhibits is sometimes helpful to a description of the issues and their determination. And a summary of the evidence may be crucial when you determine that certain evidence should be accorded little or no weight. Then, the evidence should be described in more detail to explain why it is not entitled to full credence. You may also wish to quote at length when the actual words in the transcript or exhibits are dispositive of a contested issue. Whenever you quote from the record or make specific reference to it, cite either the exhibit number or the transcript volume and page.

### Visual Aids

Sometimes reproducing an exhibit may be helpful. For example, grade-crossing diagrams, transmission line route maps, or service area maps can save many pages of explanation and description.

### Irrelevant Discussion

Some decisions contain a lengthy discussion of a disputed issue, the resolution of which will have no effect whatever upon the ultimate determination. This practice not only wastes resources, e.g. the time of the ALJ, the Chief ALJ, Assistant Chief ALJ, typists, staff, Commissioners and their staffs, but also diverts the reader from the important issues. You simply dispose of such disputed issues by setting forth why they are not material to the ultimate disposition of the proceeding.

### Excessive Citations

Citations are not necessary for well-established regulatory principles. If citations are made don't cite authority ad nauseam. One or two citations to most recent authority will suffice. The exception may be where a novel legal issue is involved.

### Poor Organization

A poorly organized opinion distracts the reader. Your opinion should dispose of the issues singly and in a logical order. Use marginal captions to divide

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<sup>5</sup> PU Code § 1705.

the opinion into component parts. A well-organized opinion reflects an organized mind.

### Outlining

In complex matters with many issues, an outline will (1) help organize your opinion; (2) ensure that each issue is completely explained, discussed, and resolved in one place and in a logical order; and (3) save you time.

### DEFINITIONS

The concepts defined below represent the building blocks of our opinions. Each of these terms has a specific meaning in law and they are not interchangeable.

MATERIAL ISSUE: A question of fact or law which the Commission must decide in order to dispose of the proceeding.

FINDING OF FACT: A positive statement of the existence of nonexistence of a thing or event (past, present or future) or the state or characteristic of a thing or event. Well-drafted findings of fact usually head the reader inescapably to the writer's conclusion. If each material issue is resolved by one or more factual findings, you have a good chance of convincing the Commission your proposed order is correct and your order will probably be supportable before the Supreme Court. To be sure you prepare adequate findings: (1) write one or more factual findings after analyzing each issue and put them aside to include later in the findings, or (2) go through the opinion and write findings that address each contested issue. An excellent reference on adequate findings of fact is TURN v PUC, PT&T (1978) 22 C 3d 529. (See particularly the dissent.)

CONCLUSION OF LAW: A statement of the law or of principle applied to facts which dispose of an issue. To determine what the conclusion of law should contain, look to the language of the applicable code sections.

EVIDENCE: Sworn testimony, documentary exhibits of record, stipulations of facts, and such things or events of which the Commission has taken official notice, constitute the source (evidence) from which all findings of fact are made.

INFERENCE: A deduction of a fact that may logically and reasonable be drawn from another fact or group of facts which have been established. It is the type of deduction that requires no expertise and would be made by any normal person, particularly a juror who is a trier of fact.

PRESUMPTION: An assumption of fact that the law requires.<sup>6</sup>

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<sup>6</sup> See §§ 600 et seq. of the Evidence Code. In Commission proceedings most of the presumptions are those affecting the burden of producing evidence, which are rebuttable

ULTIMATE ISSUE: In any proceeding the relief requested in the pleadings is the ultimate issue. In a rate increase application the ultimate issue is what rates should be authorized or prescribed. In a certificate application the ultimate issue is what authority, if any, should be granted. In a complaint proceeding the ultimate issue is what relief should be granted. In a rule-making proceeding the ultimate issue is what rules, if any, should be prescribed. Ultimate issues concern those things that will be ordered by the Commission.

The ultimate issues are determined from conclusions of law which are usually set forth in the Public Utilities Code. When increases in rates have been shown to be justified, they should be granted; and when they have not been shown to be justified, they should be denied. Construction or operations which have been shown to be required by public convenience and necessity should be authorized; but construction or operations and necessity should not be authorized. Where a complainant has been damaged by being charged an unreasonable rate, and where reparation for such damage will not result in discrimination, the reparation should be awarded. Those conclusions of law which are determinative of the ultimate issues we will call *ultimate conclusions*.

From the above it may be seen that the ultimate conclusions require the Commission to make determination of the existence, nonexistence, or state of things, in other words, findings of fact. A determination of the ultimate issue requires findings of fact by the Commission on those matters. We call such findings *ultimate findings of fact*. All matters and questions that may influence the Commission in making such findings are *material issues*.

Generally the facts in the ultimate findings constitute broad concepts requiring the weighing of many things.<sup>7</sup> What constitutes “public convenience and necessity”? The concept may not be briefly defined, but it may be said generally that where the advantages to the public from the construction of utility plant or utility operations outweigh the disadvantages to the public, the construction or operation is required by public convenience and necessity. What constitutes a “reasonable rate” and when is an increase in rates “justified”? Again, the concepts cannot be defined other than in general terms. Just and reasonable rates are those which provide the utility opportunity for reasonable earnings and place the burden of achieving those earnings justly and equitable among the classes of ratepayers. Ordinarily, a rate increase is justified when it is shown to be necessary to the

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presumptions and are somewhat procedural in nature. Our discussion will concern these.

<sup>7</sup> This statement holds in connection with legislative proceedings before the Commission. In most judicial proceedings, such as a minimum rate enforcement proceeding, the ultimate findings are determined directly from findings on the basic issues, which will be described later.

## Appendix B

establishment of “just and reasonable” rates. Those conclusions of law (statement of principles) evolved from determination in many decisions, both state and federal, over a long period of time. For purposes here we will call them **PRINCIPAL ISSUES**. They call for the Commission to make findings of fact on the matters recited therein; e.g. will the public benefit more than be disadvantaged, will the rates provide reasonable earnings to the utility, and will the rates distribute the burden justly and equitably? We will call the findings on the principal issues the **PRINCIPAL FINDINGS OF FACT**.

Determination of principal findings of fact usually requires the weighing of many criteria or circumstances. In some cases the Commission, particularly in rate matters and in some certificate matters, prescribes the criteria to be considered. In some cases the statutes prescribe the criteria. The courts in decisions on review have prescribed criteria the Commission must consider to regularly pursue its authority and to provide due process. The weight to be accorded any of the criteria to be considered is within the province of the Commission, and its determination is a conclusion of law. In some proceedings a participant may urge the Commission to consider certain other criteria in making its principal findings of fact or its ultimate findings of fact. The determination of whether to consider such criteria is a conclusion of law.

The criteria provide questions as to the existence, nonexistence, characteristics, or state of things or events; call the **BASIC ISSUES** because ordinarily the findings of fact (**BASIC FINDINGS**) may be made directly from the evidence, from inference from the evidence, or from evidence together with presumptions.

Basic issues are more easily recognized in enforcement proceedings. The ultimate issue is what should be provided in the order, i.e. the judgment. If the pleading requesting sanctions alleges the utility disobeyed an order of the Commission in violation of the Public Utilities Code, that allegation is one of the principal issues. The basic issues that must be determined which lead to a decision on that principal issue are: (1) is the utility subject to the regulations prescribed in the order, (2) what are the regulations prescribed, and (3) what did the utility do? The basic issues become immediately apparent because the pleading initiating the proceeding (complaint, OII, or Order to Show Cause with its accompanying affidavit) must allege the facts embodied in those basic issues.

A finding of fact that the alleged offense was committed disposes only of one principal issue. The ultimate issue is what action should be ordered. The actions that may be taken are circumscribed by the statute and to some extent they vary with the classification of utility or carrier and with the nature of the offense.

Findings of Facts and Results of Operations Issues

In rate increase proceedings, the parties frequently litigate elements of the results of operations. Yet opinions have sometimes contained only the finding “the adopted results of operations in Table \* is reasonable.” That by itself, is inadequate. The following hypothetical case will illustrate how to dispose of contested results of operations issues. The findings of fact on the results of operations issues should be something like this:

1. Applicant’s estimate of annual consumption per customer assumes that during the test period all customers will have converted to toilets using one gallon per flush; however, at most, only 50% of customers will convert because of an overall shortage of such toilets.
2. The staff’s estimate of \$10 per foot for installed 8-inch water mains does not reflect the latest price for 8-inch pipe, which is \$12 per foot.
3. The adopted results of operations in Table I is reasonable. (Ultimate finding.)

Findings of Fact and Rate Design

Rate design causes problems because it is probably hardest to relate an ultimate rate design to the underlying supporting facts. Therefore, you should begin by asking yourself what policy goal is the rate design trying to achieve; for example,

1. To encourage conservation?
2. To keep customers on the system?
3. To establish prices at competitive levels:
4. To fairly allocate and recover costs (fixed and/or variable costs)?
5. To minimize disparity?
6. To encourage consumption at particular times?
7. To establish rates as use-sensitive as possible?

Once you have set your goal, then list the facts from the evidence which lead to the ultimate conclusionary finding that the adopted rates are just an reasonable.<sup>1</sup>

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<sup>1</sup> You will make a better record if you ensure that rate design witnesses fully explain their goals and assumptions. Often exhibits by both staff and utilities omit the underlying philosophy, rationale, or goals of a proposed rate design. However, a good opinion should at least briefly cover these points.

Dated May 2002

## MASTER DATA REQUEST

### I. FIELD REVIEW

Provide a 1-day field review for each district in the rate case and the general office. From 6 to 10 staff members should be expected for each district review and 1 to 2 for the general office review. The field reviews should be scheduled prior to day 30 of the rate case plan.

A. The district field review should include the following:

1. District headquarters review, including:

- a. Description of headquarters operations.
- b. Billing procedures.
- c. Inspection of the physical property at the headquarters.
- d. Utility personnel
  - 1) Job description and duties.
  - 2) Interview of employees
- e. Review of utility's complaint log.
- f. Review of utility records upon request from staff (staff will inform utility beforehand).

2. Tour of the water system, including:

- a. Orientation describing system before starting the tour.
- b. Tour of the system should include the following:
  - 1) Areas of customer growth.
  - 2) Plant that is to be renovated or replaced over the next three years.



## Appendix D

- 3) Plant that has been installed or constructed since the last rate case.
- 4) Sites where major construction is to take place over the next three years.
- 5) Major plant facilities (dams, reservoirs, treatment plants, wells, etc.).
- 6) Current maintenance or construction work going on at the time.
- 7) Warehouse and storage facilities.
- 8) Testing facilities if applicable.
- 9) Specific areas of the system predesignated by the staff.

### B. The general office review should include:

1. A tour of the general office describing its operations including:
  - a. Functions of each section of the general office.
  - b. Responsibilities and duties of personnel in each section of the general office.
2. An inspection of physical property at the general office.
3. Review of utility records upon request of the staff (staff will inform utility beforehand).

## II. RATE BASE

### A. PLANT

Provide the following for each District and the General Office:

1. Recorded vs. Authorized Utility Plant additions for the last two GRCs, itemized by dollars and projects.
2. Recorded Depreciation and Amortization Reserve for the last 6 years broken down into end of year balances by individual plant depreciation reserve accounts.
3. A detailed description of the construction budgeting and approval process.
4. Copy of the most current approved six-year construction budget which includes a narrative explaining the budget expenditures. Also provide actual amounts constructed for these six years.
5. Provide authorized test year and actual expenses by year for plant for the last six years.

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6. Maps for each district showing capital additions for the last six years and those budgeted for the next three years.
7. Calculation of overhead loading for the construction projects, include a description of each type of loading as well as all assumptions used in the calculations.
8. Calculation of contingency for the construction projects.
9. For major projects in excess of \$100,000 (wells, water mains reservoirs, treatment facilities, etc.) provide a copy of each work order with latest estimated completion dates, including a justification of the need for each project, a detailed cost breakdown (supported by appropriate calculations), and justification of the cost, together with all relevant studies such as project alternatives and cost benefit analyses.
10. For construction projects that expect to save O&M expenses, the calculation of all savings should be shown. Also reference the savings to the appropriate O&M account(s) and workpaper page numbers.
11. All assumptions and data used in developing blanket construction budgets, together with a six-year history of expenditures for each blanket.
12. Describe the basis for each on-going plant replacement program, such as main replacement, meter replacement, vehicle replacement, etc.
13. The last six years of recorded information on utility property as follows:
  - a. All "plant held for future use" indicating the following for each property:
    - 1) Date of purchase.
    - 2) Purchase price.
    - 3) Actual in service date or intended use, and time table for such use.
  - b. All property reclassified from operating to non- operating (non-utility plant) status indicating:
    - 1) Date of reclassification.
    - 2) Book value of property at time of reclassification.
    - 3) Assessed value of property at time of reclassification.
    - 4) Provide copies of property taxes paid on this property for the last six years.

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- c. All property in non-operating (non-utility plant) status (having previously been in rate base) that has been sold, indicating:

- 1) Date of sale.
- 2) Sale price.
- 3) Book value of the property at time of sale.
- 4) Date property was reclassified to non-operational status.

14. Specific in-service dates for each plant addition for which interest during construction (IDC) was booked in Utility plant.

15. Provide recorded interest during construction booked in utility plant in service for the last two GRCs and for the forecasted test years by project.

### B. ADVANCES AND CONTRIBUTIONS

Provide the following information for each district and the general office:

1. Recorded monthly debits, credits, and balances for advances and contributions for the last six years.
2. All assumptions and calculations which were used to estimate advances and contributions in the test years. (If trending was used, explain the method and show the statistical significance).
3. Provide staff with advances and contributions information on a 3-1/2" HD diskette using EXCEL 7.10 spreadsheets using an IBM or compatible PC, together with hard copies of information.

### C. MATERIAL AND SUPPLY (M&S)

Provide the following information for each district and the general office:

1. Recorded monthly debits, credits, and balances for materials and supply for the last five years.
2. A list of M&S that has been in the M&S account more than three years.
3. Average turn over rate of M&S over the last five years.
4. A breakdown of specific items (and dollars) associated with each new project.
5. A statement of the company's inventory policy, outlining the length of time items should ideally remain in M&S.

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### D. WORKING CASH ALLOWANCE

Provide the following information for each district:

1. A detailed explanation of the estimate of each element of the operational cash, together with supporting workpapers.

a. Funds supplied by the stockholder:

- 1) Special deposits
- 2) Working funds
- 3) Notes receivable
- 4) Prepayments
- 5) Deferred debits

b. Funds supplied by the ratepayer:

- 1) Customers' deposits
- 2) Insurance reserves
- 3) Deferred credits
- 4) Accrued vacation and sick leave
- 5) Amounts withheld from employees
- 6) Taxes accrued
- 7) Accounts payable

2. A description of how the expense lead-lag days were derived, showing which expenses (providing workpaper references) are included in each lead-lag expense estimate, and including all assumptions and calculations.

3. A description of how the revenue lead-lag days were derived, including all assumptions and calculations.

### III. SALES AND REVENUE

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1. Provide, on a diskette, as well as hard copy, for the last three year (i.e..GRC test years test year 2 and attrition year) recorded and authorized data in column format, compatible with EXCEL 7.10, the following information for each district:
  - a. Number of Customers by class: metered, flat, and total.
  - b. Sales (Ccf) by class of customer: metered, flat, and total.
  - c. Revenues by class of customer: metered, flat, and total.
  - d. Sales per customer (Ccf/cust.) by class of customer: metered, flat and total.
2. Fully explain method used to estimate sales in the test years for each district. Provide a copy of all program(s) used to derive estimates.
  - a. List the independent variables used in the econometric equation.
  - b. List the coefficients for each of the variables.
  - c. Fully explain how the coefficients were derived. Also, explain all the assumptions and rationale for using the assumptions.
3. Fully explain how customer growth is estimated in the test years for each district.
4. Provide the following information regarding property development which is currently under way or proposed during the tests years within each district:
  - a. Type of development (residential, commercial, industrial, agricultural, etc.).
  - b. Number and class of new customers expected in each development including, where new customers will come on line.
5. Provide a copy of the utility's policy on conservation.
6. Indicate the status of the following in each district.
  - a. Voluntary conservation
  - b. Mandatory conservation
  - c. Rationing
7. Explain how the items in question 6 are expected to affect sales in the test year. Additionally, provide a detailed breakdown by percentage and amount of unaccounted for water for the last six years. Explain all unusual (abnormal) amounts.

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### IV. OPERATION AND MAINTENANCE EXPENSES

#### A. ORGANIZATION, POLICIES AND PERSONNEL

Provide the following information for each district and/or the general office, if applicable:

1. An operation and maintenance organizational chart describing responsibilities and duties for each position. Indicate changes in the organization during the test years with full explanation and justification.
2. Utility maintenance and service policies and programs on all utility facilities and equipment.
3. The recorded number of operation and maintenance employees as of January for each of the last six recorded years, including a table delineating allocated man-days, labor dollar amounts, overhead dollar amounts, material amounts, and total costs. Additionally, provide the same information for the first and second test years.

#### B. SOURCE OF SUPPLY EXPENSES

1. Recorded quantities and percentages of all sources of water (Ccf) used by the utility in the last two GRC's by year, and source. The source breakdown should be as follows:
  - a. Purchased water - Identify each seller and the quantity of water purchased, together with a copy of each seller's current rate schedule(s).
  - b. Wells - Indicate water produced from each well. Additionally, list all well in service during the last six years and all wells anticipated to be in service during the first and second test year. Also, provide pumping capacities and recorded annual water production for the wells in service for the last six years and the first and second test years.
  - c. Springs and Horizontal Wells - Indicate water produced from each source for the last 10 years.
  - d. Surface water - Indicate amount of water produced at each intake point for the last 10 years. Surface water sources include rivers (streams, brooks), lakes (ponds), collecting and impounding reservoirs.
2. If the percentage of water used from each source (mix) has changed over the last two GRC's by year, explain in detail. Also indicate if further changes in the mix are to take place in the test years with full explanation as to why.
3. Recorded labor, non-labor and other operation and maintenance expenses for the past six years, indicating where any unusual non-recurring expenses.
4. Breakdown of expenses included in any general source of supply, such as "miscellaneous", "other", etc.

## Appendix D

5. Detailed explanation of how each expense item in 39 and 40 is estimated in the test year. If trending is used, explain method and show statistical significance.

### C. PUMPING EXPENSES

1. Recorded power consumption for the last six years for each pump in the water system, identifying each pump by location, size (hp), type and use (well, booster, etc.).
2. A copy of each power bill for the last 12 months.
3. A copy of most recent tests for each pump larger than 7.5 horsepower.
4. A description of all operational changes that have taken place since the last GRC that had an effect on power consumption.
5. A description of all operational changes expected in the test years that will effect power consumption.
6. A detailed explanation of how pumping power consumption is estimated in the test years.
7. Recorded labor, non-labor and other pumping expenses for the past six years, showing separately each unusual or non-recurring expense.
8. Breakdown of expenses included in general pumping expense categories, such as "miscellaneous", "other", etc.
9. Detailed explanation of how each item in 7 and 8, is estimated in the test years, explaining method and showing statistical significance of any trending used.

### D. WATER TREATMENT EXPENSES

1. Explanation of water treatment required in system. Insure that the following information is included:
  - a. Location of each treatment facility
  - b. Contaminant(s) (source if known)
  - c. Treatment required
2. Complete list of water testing required by the State Department of Health Services and the cost of each test.
3. Recorded labor, non-labor and other water treatment expenses for the past six years, showing separately each unusual or non-recurring expense.

## Appendix D

4. Breakdown of expenses included in general water treatment expense categories such as "miscellaneous", "other", etc.
5. Detailed explanation of how each item in 53 and 54, is estimated in the test year, explaining method and showing statistical significance of any trending used.

### E. TRANSMISSION AND DISTRIBUTION EXPENSES

1. Number of leaks occurring in the system each year for the last six years, together with a map showing location and date of each leak and main replacement.
2. Main flushing program, including the amount of water used.
3. Recorded labor, non-labor and other transmission and distribution expenses of the past six years, separately showing all unusual and non-recurring expenses are to be shown separately.
4. Breakdown of expenses included in general transmission and distribution expense categories such as "miscellaneous", "other", etc.
5. Detailed explanation of how each item in 58 and 59 is estimated in the test years, explaining method and showing statistical significance of trending used.

### F. CUSTOMER ACCOUNT EXPENSES

1. Billing procedure from meter reading to receipt of payment.
2. Procedures for responding to customer complaints, together with a tabulation of customer complaints received since the last GRC.
3. Recorded labor, non-labor and other customer account expenses of the past six years. One-time or unusual non-recurring expenses are to be shown separately.
4. Recorded uncollectible rates for each customer class per year for the last six years, explaining basis for uncollectible estimates in the test years.
5. Breakdown of expenses of general customer account expense categories such as "miscellaneous", "other", etc.
6. Detailed explanation of how each item in 63, 64 and 65 above, is estimated in the test years. If trending is used, explain the method and show statistical significance.

### G. SALES EXPENSE



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1. Recorded labor, non-labor and other sales expenses of the past six years. One-time or unusual non-recurring expenses are to be shown separately.
2. Breakdown of expenses of general sales expense category such as "miscellaneous", "other", etc.
3. Detailed explanation of how each item in 67 and 68 above, is estimated in the test years. If trending is used, explain the method and show statistical significance.

### H. ADMINISTRATIVE AND GENERAL EXPENSES (Excluding Pensions and Benefits)

Provide the following information for each district and/or the general office if applicable:

1. Detail narrative of how the company forecasts its A&G expenses for test years one and two.
2. Current organizational chart showing name, title of all employees in the GO, regional office, and affected districts. Explain all changes from last GRC.
3. The compensation (salaries, bonuses, and other consideration for services) for each employee identified in item 71 for the last 2 years of recorded data. Additionally, provide this same information on a forecasted basis for the GRC test years 1 and 2.
4. The effective date and major provisions of each wage negotiation with represented employees.
5. A table showing employees authorized in the latest two GRC and those actually hired.
6. A copy of all rental agreements, including square footage, number of employees, and corporate department identification.
7. Provide copies of all leases, and a listing of the following:
  - a. termination date
  - b. building square footage
  - c. annual base rent and rent escalation rate
  - d. cost per square foot
  - e. operating costs
  - f. operating cost as a percentage of base rent
  - g. number of management and non-management personnel at each lease site

## Appendix D

- h. vacancy rates of rental properties
  - i. commercial vacancy rates of major markets in which the company rents property.
  - j. space utilization per employee
9. For all new leases, provide all studies that support rental space acquisitions.
10. What is the current overall company useable square footage/person standard for the company, both actual and targeted for the projected years.
11. Information on all renegotiated leases at lower rates, if applicable.
12. Identify which leases set to expire in the test period which will not be renewed, specifying whether offices in these locations will be relocated or eliminated.
13. Provide information on what type of computer hardware used by the company (mainframes, minis, and microcomputers, disk storage, etc...).
14. Indicate upcoming replacements and/or expansion of computer system. Include salvage value for "obsolete" hardware. Indicate where in the workpapers this revenue is reflected.
15. Current and historical (last 6 years) information on the number of PC's-to-total workforce (and percentage) and number of PC's-to-professional workforce (and percentage), indicating primary uses for the PC's as a percentage of total PC users and as a percentage of professional PC users.
16. A six-year history of office supplies and other expenses. Any supplies which the utility believes were purchased as a result of increased activity should be specifically justified by activity. This includes all supplies and other expenses incurred in connection with the general administration of the utility's operations which are assignable to specific administrative or general departments and are not specifically provided for in other accounts. These accounts may be subdivided into the following:
- a. Automobile service, including company policy for replacing vehicles. Also, provide number and type of vehicles used.
  - b. Books, periodicals, bulletins, and subscriptions.
  - c. Building service expenses (not including rent) for customer accounts, sales and A&G.
  - d. Cost of individual items of office equipment used by general departments which are of small value or short life.
  - e. Office supplies and expenses.
  - f. Postage, printing and stationery.

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g. Transportation, meals, and incidental expenses.

h. Utility services.

17. A complete explanation of major accounting changes that have occurred since the last GRC which affect the level of expenditures in any of the A&G accounts, documenting where the expense had been billed in the past, where it is currently being billed, and the level of overall expenditure in the subaccount over time. The utility should also inform the staff witness which utility witness is responsible for the expenses that have been transferred into or out of specific A&G accounts.

18. The most recent copy of all property, and injuries and damages insurance coverages. Include the amount of coverage for each class of insurance carried, the property the policy covers, and all applicable premiums.

19. Data on losses relating to crime, machinery, general liability, and workman's compensation.

20. A discussion of claims investigation policies and settlement history. Regarding the latter, provide data on trends in the number of claims filed, size of the claims, major categories of claims and the percentage of those who file claims against the utility that ultimately collect from the utility.

21. A discussion of alternative risk financing techniques that the utility has explored as a means of controlling the cost of insurance coverage.

22. Franchise fees paid to each municipality, and gross revenues for that municipality for the past six years.

23. Information on significant new incorporations of local cities in its service territory and data on the financial impact of these corporations.

24. Information on all major changes in federal and/or state legislation or regulations which it believes will have a significant effect on the level of A&G expenses in the test year. The Company should summarize the key provisions of the legislation or regulation and provide details on when the measure was passed and became effective. A list of all regulatory Commission expenses identified with actual proceeding numbers, and the nature of the proceeding.

25. Data on all major rate and other proceedings the utility has pending or anticipates will be filed. List as follows:

- a. Salaries, fees, retainers and expenses of all those involved in the prosecution of, or defense against petitions or complaints presented to regulatory bodies or anything connected with such cases.
- b. Expenses, such as supplies, payments to public service or other regulatory commissions, expenses for correspondence and travel, and other expenses directly incurred in connection with formal cases before the Commission.

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26. For the most recent year applicable, a list of all dues and donations the company expects to pay, the names of the organizations, and descriptions of the organizations' activities. Also describe why the company is a member of said organization OR why the company is making a contribution to this organization.

27. All consultants that the utility hired to assist it in monitoring or commenting on pending legislation or regulations for the applicable period. Where information could be obtained through the use of utility personnel the decision to use outside consulting services shall be fully justified. Identifying the department for which the consultants were utilized.

28. A list of each other outside services employed for the applicable period, including fees and the purpose for using the service. Identify the corporate department which utilized the service.

29. All other information pertaining to miscellaneous general expenses, as referred to in Account 799.

30. Provide a representation letter on all pending lawsuits/litigation in your service area.

## V. DEPRECIATION

Regardless of proposed changes in the remaining life, provide the following:

1. Provide studies supporting:

- a. Average Service Lives for like kinds of properties and sub-groups of same kinds of properties.
- b. Net Salvage Rates
- c. Survival Curve Studies
- d. Gross Salvage and Cost of Removal Values

2. If Quantified Additional Uncertainty (QAU) is used:

- a. The dollar impact on depreciation expense of QAU
- b. Accounts in which QAU is applied

## VI. TAXES

All responses should be for 6 years, the base year and the two test years, unless specifically stated otherwise. The recorded years are for the 6 most recent closed years where complete data can be derived. The base year is the year prior to the test years of the case and the one that determines

## Appendix D

estimates for the test years. The test years are defined as the first two years in which the company is seeking rate increases.

### 1. Total Tax Depreciation

- a) Federal
- b) State

### 2. Interest Deductions

- a) Federal
- b) State

Show the exact interest calculation. The calculation should be based on the product of weighted cost of debt times weighted average net rate base for interest. The weighted average net rate base for interest equals total average annual rate base less working cash less deferred ITC.

3. Estimates of cost of removal and percentage repair allowance. This item only needs to be supplied for the base and test years.

- a) Federal- 1980 and Prior Plant
- b) State – all vintage years

### 4. All other test year deductions allowed under TRA 86.

- a) Federal
- b) State

5. All charitable contributions and other tax items allowed as tax deductions, but not allowed for ratemaking purposes. This item pertains to the 6 recorded years.

### 6. FIT deferred tax items and credits for the applicable years such as:

- a) Average deferred taxes related to depreciation which are deducted from rate base.
- b) ITC
  - i) Option 1 companies – the average annual ITC to be deducted from rate base.
  - ii) Option 2 companies – the state deduction applicable to the interest calculation and the normalized portion of ITC that applies as a reduction to the cost of service.

### 7. FIT tax depreciation for ratemaking purposes detailed by class of tax depreciable asset:

- a) ADR/DDB through 1980
- b) Straight-line book depreciation on post 1980 plant

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### 8. Estimates of the following deferred tax items:

- a) End of Base Year deferred tax balance based on plant.
- b) Annual deferred taxes generated by base year and prior plant for the test years and attrition years.
- c) ITC deduction generated on prior to test year plant.
- d) Total unamortized average deferred ITC to deduct for base year and prior plant which has not been ratably flowed through the test year and attrition years.

9. For both Federal and State taxes, the book to tax factors used to reduce/increase the book basis plant additions to tax basis plant additions, if this method is used. Otherwise describe exactly the procedure used to develop tax basis additions. This information needs to be provided for the base year, test years and attrition years.

10. Provide the State tax depreciation rates used to calculate State tax depreciation, by class of plant. Rates should be based on Federal ADR/DDB mid-range classes.

11. Provide the State tax depreciation on base year and prior plant for the base year and prior plant, test years and attrition years.

12. Provide the plant life used for book purposes, in the deferred tax calculation, by class of plant.

### 13. PAYROLL AND PROPERTY TAXES

- a) Provide a full description used in projecting payroll and property taxes in the base, test and attrition years.
- b) Provide a detailed explanation of the capitalized portion of these taxes allowed as a credit or deduction of tax purposes.
- c) Provide a detailed showing of the derivation of the annual adjustment deduction for Federal and State purposes.

## VII. PENSIONS AND BENEFITS

1. All calculations and workpapers compiled by company supporting account No. 795. Each subaccount must be identified by proper title (i.e. ESOP, pensions, group life insurance, AD&D, etc...). Cross references must be easily followed and thoroughly explained. Materials should be succinct and orderly so that supplemental and summary information is not interspersed with calculations and source materials.

2. Provide complete copies of company Actuarial Reports of the last two most recent reports for Pensions, Post-Retirement Benefits Other than Pensions, and Medical.

3. Complete copies of all actuarial reports for pensions, supplemental retirement plan, life insurance, etc.

## Appendix D

4. Complete copies of all of the most recent employee pensions and benefits compensation studies/surveys in the Company's possession.
5. For the pension plan, provide the following:
  - a. Actual, annual contributions to the trust for each of the last six years.
  - b. Actual, annual rate of return on pension assets for each of the last six years.
  - c. The ERISA/IRS interest rate assumption for each of the last six years.
6. Provide the six most recent years of recorded data for the following items:
  - a. Net Company Contributions: the company's annual total cash expenditures net of any unusual refunds, dividends or charges. If there were any unusual refunds or charges, please describe them and list the amounts.
  - b. Employee Contributions: employee's total annual out-of-pocket expenditures excluding flexdollar allocations.
  - c. Participating Employees: annual average number of participants. The respondent must also indicate if any plans or providers cover only certain types of employees (i.e. non-management/management, hourly/salaried, exempt/non-exempt, and retirees).
  - d. Surplus/Deficit: Whenever appropriate, the total, annual expensed claims less total employer plus employee contributions.
  - e. Medical Care: Provide the data requested above (items a through d) for each and every plan (i.e. indemnity, HMO). Contributions must be identified by plan/provider and premium type.
  - f. Employee Investment and Savings Plans: Provide the data requested above (items a through d) for each plan.
  - g. Life Insurance: provide the data requested above (items a through d) for each plan.
  - h. AD&D Insurance: Provide the data requested above (items a through d) for each plan.
7. A reconciliation between the recorded base year expenses by subaccount/functional code and the amount listed in Account No. 795 for the base year.
8. A summary of all plan design, administrative, and accounting changes for each benefit for the last six years.
9. A copy of Employee Handbooks for all categories of employees, covering each and every benefit plan.

## Appendix D

10. Bargaining Cycles—Provide all changes in benefits for unionized and union employee for the last two bargaining sessions and the next bargaining session/changes. This information should include the date and detailed description of changes and precisely which employee group(s) are/will be affected.
11. Provide for last six years, a comparison of budgeted to actual expenses for pensions and all other benefits.
12. Provide complete copies of Trust Agreements for Post-retirement Benefits Other than Pensions.

## VIII. COST OF CAPITAL

Provide the following regarding:

1. Long-Term Debt:
  - a. The sinking fund balances for each issue, both existing and proposed, by year for the test and attrition years
  - b. The retirements by year and by issue for the test and attrition years.
  - c. The formula used to determine the cost of new issues of long-term debt (example: 30-year Treasury Bond + 100 basis points), as well as the reason for using the particular rate and basis point premium.
    - i. What Standard & Poor's rating is this meant to approximate, if any?
    - ii. Why was this particular rating chosen?
2. Provide the following for the historical rate of return:
  - a. The Pretax Earned Rate of Return adjusted and unadjusted for normalized water and sales, as well as all other unusual events, for the past 10 years, by year. Please include the calculations as well as references to all source documents. For each year, please note and describe if unusual weather, sales, or other event occurred, and what was the basis point effect was on the return.
  - b. The Pretax Authorized Rate of Return for the past 10 years, by year. Please include the calculations as well as references to all source documents. What is the Net to Gross multiplier you used each year and why?
  - c. For those years in which the company under-earned its authorized rate of return, please provide all reasons why this occurred.
3. Provide the following for the historical return on equity:



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- a. The Pretax Earned Return on Equity adjusted and unadjusted for normalized water and sales, as well as all other unusual events, for the pasted 10 years, by year. Please include the calculations as well as references to all source documents.
  - b. The Pretax Authorized Return on Equity for the past 10 years, by year. Please include the calculations as well as references to all source documents.
    - i. What is the Net to Gross multiplier you would use and why?
  - c. For those years in which the company under-earned its authorized return on equity, please provide all reasons why this occurred.
4. Provide total company average California regulated rate base by year for the last 10 years.
5. Are your stocks, bonds, or company as a whole rated or commented on by any organization or agency?
- a. If so, please provide name(s) and phone numbers(s) of rating/commenting organization(s), the ratings/comments you have received, by year, for the past 10 years, and copies of the published reports that address your company.
6. Provide a table with the following data by year for the past 10 years:
- a. Net Income Before Interest Expense and Income Taxes.
  - b. Interest Expense.
  - c. Income Taxes.
  - d. Total Debt at Beginning of Year.
  - e. Total Debt at End of Year.
  - f. Total Capital at the beginning and end of year.
  - g. Funds Generated from Operations before Interest Expense and Taxes.
  - h. Net Cash Flow from Operations.
  - i. Capital Expenditures by Year.
7. Provide your dividend payout ratio by year for the past 10 years.
8. Provide the average number of residential customers by year for the last 10 years.
9. Provide a Summary of Earnings table comparing authorized and recorded values for all categories for each of the previous two test years.

## Routing Slip

### Letter for Executive Director's Signature

**Letter Sent to:** \_\_\_\_\_

**Letter originated from (Division/Branch):** \_\_\_\_\_

**Subject:** \_\_\_\_\_

<b>Reviewed by:</b>	<b>Name</b>	<b>Initial</b>	<b>Date</b>
<b>Supervisor</b>			
<b>Branch Chief</b>			
<b>Division Director</b>			